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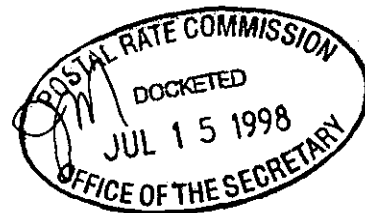
BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

MAILING ONLINE SERVICE

Docket No. MC98-1

DIRECT TESTIMONY
OF
JOHN HAMM
ON BEHALF OF
UNITED STATES POSTAL SERVICE



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TABLE OF CONTENTS

2	AUTOBIOGRAPHICAL SKETCH	ii
3	I. PURPOSE OF TESTIMONY	1
4	II. THE DIGITAL PRINTING REVOLUTION	1
5	III. THE PRINTING INDUSTRY AND THE POSTAL SERVICE.....	2
6	IV. MAILING ONLINE AND NEW OPPORTUNITIES	2

Direct Testimony
of
John Hamm

AUTOBIOGRAPHICAL SKETCH

My name is John Hamm. I am President of Balmar Printing and Graphics of Arlington, Virginia. Balmar is a full-service commercial printing company that helps our clients to communicate with such document services as design, conventional printing, digital printing, and the distribution services of mailing and fulfillment. I have been with Balmar for nineteen years, and have been in the printing industry since 1971.

My testimony today is presented on behalf of the Printing Industries of America (PIA), the nation's largest printing and graphic arts association with approximately 15,000 members. PIA represents every segment of the printing industry in virtually every state. While PIA represents large companies, the overwhelming majority of printers have fewer than 20 employees.

I currently serve PIA as Chairman of the Digital Printing Council. The Digital Printing Council was created to assist PIA and its members move into and through the revolution in digital technology.

1 **I. PURPOSE OF TESTIMONY**

2 The purpose of my testimony is to offer the support of the Printing Industries of
3 America for the proposal by the Postal Service to establish Mailing Online service.

4 **II. THE DIGITAL PRINTING REVOLUTION**

5 Printing companies, both large and small, are in the middle of a technological
6 revolution that many equate to the invention of movable type. Among the changes that
7 have occurred as part of the digital printing revolution are shorter print runs, reduced
8 make-ready (or pre-press) costs, and greater specialization in printing. In the printing of
9 advertising materials, for example, shorter runs with reduced make-ready cost mean
10 greater personalization.

11 Digital printing technology offers market opportunities for a number of print
12 customers both large and small; however, the technology helps bring to smaller print
13 runs opportunities that previously were economical only for large print runs. Likewise,
14 the technology offers efficiencies to smaller customers.

15 In the past, printing economy was often related to the size of the run. The
16 greater the number of impressions, the lower the cost per impression. While this
17 continues to be true, the gap has narrowed. The new opportunity in printing is "on
18 demand" printing; customers print what they want at the time they want it.

1 **III. THE PRINTING INDUSTRY AND THE POSTAL SERVICE**

2 The U.S. printing industry has a strong relationship with the U.S. Postal Service
3 that literally dates back to the early days of the nation. The majority of items handled
4 by the Postal Service every day are products of the printing industry. Books,
5 magazines, direct mail, greeting cards, checks, postcards and many other products are
6 produced by printers and their customers. Mailing Online is a logical extension of this
7 partnership.

8 **IV. MAILING ONLINE AND NEW OPPORTUNITIES**

9 It is our hope that Mailing Online will bring the power of the U.S. Mail and the
10 U.S. printing industry together for the benefit of small mailers. Under this system,
11 individuals, small businesses and non-profits are able to create advertising, newsletters,
12 or other copy online. Once completed, the newly-created document and a mailing list
13 developed by the mailer can be transmitted to one or more printers in multiple locations.
14 The transmission of this document can be done in real time for printing and mailing.
15 The turnaround time for the mailing is significantly reduced. Through this service, small
16 mailers can communicate with customers and other recipients in a fraction of the time
17 that would be required in more traditional channels.

18 PIA members are eager to participate in Mailing Online. The factor that will
19 determine the project's success will be the volume of work for those participating
20 printers. We anticipate that there will be a slow start, but as the benefits of Mailing
21 Online become more widely known, the volume of printing should increase. With both
22 old and new technology, the ability of a piece of equipment to make money for the

1 printer is dependent upon the amount of use. Each press has points of efficiency.
2 While the price of printing may vary from one area of the country to another due to
3 compensation differentials and other considerations, competition in the industry keeps
4 the pricing of specific jobs in particular regions within narrow ranges. Consequently,
5 printers need to run their equipment efficiently in order to bring the costs down.

6 Mailing Online offers the potential for efficient use of digital printing technology
7 by offering new market opportunities for both printers and small mailers. It offers
8 smaller mailers an opportunity to become efficient mailers. The service may, like the
9 internet, spawn new businesses, increasing demand for printing both for Mailing Online
10 and elsewhere. Thus, the benefits of Mailing Online for the printing industry are not
11 limited to those printers actually participating in the service.

12 As an example of the future of the growth of digital printing technology, there
13 were an estimated 2,800 digital printing units in the United States in 1997. By the year
14 2000 it is projected that 12,000 units will be in operation.

15 We look forward to working with the Postal Service in the development of Mailing
16 Online and urge the Commission to support this project.